

# Companies Expand Commitment to Help People Become Smart Shoppers, Responsible Owners

PrivateMI companies are taking the extra step to help people purchase homes through pioneering lease-buy programs, credit counseling and courses for prospective homeowners.

“PrivateMI offers home buyers a chance to buy a home sooner and for less money down. The mortgage insurance industry also provides home buyers the opportunity to purchase homes smarter and more responsibly,” said Suzanne C. Hutchinson, Executive Vice President of the Mortgage Insurance Companies of America. For example, GE Mortgage Insurance, based in Raleigh, North Carolina, believes that an educated buyer is the best customer. GE’s Community Home Buyer’s Program covers a broad range of topics and offers courses to help people become smarter shoppers and more responsible homeowners. The courses cover topics such as:

- Selecting the right home, based on the participant’s income, debts and living expenses.
- Mortgage closing procedures and their significance.
- Managing finances to ensure the mortgage can be paid.
- Planning and budgeting for home repairs and renovations.
- The importance of getting a home inspection before agreeing to buy.

GE’s program also helps home buyers with income tax planning because homeowners can deduct mortgage interest and property taxes.

United Guaranty Corporation, based in Greensboro, North Carolina, offers a similar education course about buying and maintaining a home. The course is available through classes or telephone interviews, and now it can be taken on-line.

“We feel that the Internet option enhances our educational program and expands the means through which first-time home buyers can complete this course,” said Charles Palmer, Manager of Emerging Markets for United Guaranty Corporation. “And, it provides the same in-depth information as our printed materials.”

Philadelphia-based Radian Guaranty has developed a program

that helps people save for a downpayment and closing costs while simultaneously building their credit rating. The program is done in partnership with cities and housing partnerships such as the Pacific Housing Finance Agency.

Here’s how the program works: A government authority issues bonds and uses the money it raises to help buy homes that are then sold through the lease-purchase program. Once a house in the program is sold, the interest rate and sales price are locked in, even though the future buyer does not take possession for three years. During that time, the future buyer makes a monthly payment. While a small part of the money goes to

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—Linda Stefchak, Radian Guaranty

the company servicing the loan, a percentage of each payment is set aside to cover closing costs and a downpayment.

The three-year lease period also provides the homeowner-to-be with an opportunity to establish a good credit rating by making on-time housing payments.

“This program helps those people who don’t have the cash for a downpayment or who have credit problems,” said Wesley Wolf, a California housing consultant who credits Radian for pioneering this kind of program.

If the future home buyers have credit problems, Radian works with these families to help them get back on a firm financial footing, said Radian’s Linda Stefchak, Assistant Vice President, Homeownership Counseling Center. Radian refers these families to non-profit groups who provide financial counseling. These non-profits can help families with debt repayment plans, teach them how to make a budget, or provide tips on how to stay within that budget,

Stefchak added. This counseling is offered in a variety of languages.

However, Wolf and Stefchak stressed that while prospective homeowners are given help and counseling, they must take advantage of the opportunities presented by this program. “This is not a social program; this is an opportunity for someone to change their behavior and become a successful homeowner,” Stefchak said.

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Radian first started a lease-purchase program five years ago, and has been working to expand on it ever since because of the importance of reaching out to buyers from emerging markets, Stefchak said.

“We’re always trying to find a solution, and that’s the key with any of these programs,” she said. 🏠

